

PARR WADDOUPS BROWN
GEE & LOVELESS *A Professional Corporation*

Attorneys at Law

DANIEL A. JENSEN

January 24, 2005

HAND-DELIVERED

Mr. Darren Haddock
Permit Supervisor
UTAH DIVISION OF OIL, GAS AND MINING
1594 West North Temple, Suite 1210
Salt Lake City, UT 84114

Re: *Geneva Steel*
Iron Mountain Mine
M/021/008

RECEIVED
JAN 24 2005
DIV OF OIL, GAS & MINING

Dear Mr. Haddock:

In your October 25, 2004 letter you extended by three months the deadline for increasing Geneva Steel's \$1,073,000 reclamation bond to account for inflationary cost increases, with the understanding that you would consider further three-month extensions based on progress to date of the pending sale of mine assets.

This letter is to update you on that progress and to request another three-month extension. Two parties--Western Utah Copper Company and Palladon Ventures Ltd.--have jointly signed a binding purchase agreement as buyers, obligating them to purchase Geneva's Iron Mountain Mine assets and to provide to DOGM a suitable reclamation bond to supersede and replace Geneva's existing bond. On Wednesday of last week the United States Bankruptcy Court approved the sale and issued an order evidencing that approval. The buyers now have until February 8, 2005 to close the purchase; however, the buyers may elect to extend the closing deadline until March 31, 2005 upon payment of some additional money to Geneva. The due diligence period has now passed, so if the buyers fail to close for any reason they will be in default of the written purchase agreement and subject to appropriate damages.

We also had another party who submitted a competing bid for the assets. That party was ultimately unsuccessful as the high bidder under the applicable bankruptcy sale procedures, but remains interested in purchasing the property under the same basic terms if the current buyers should fail to close.

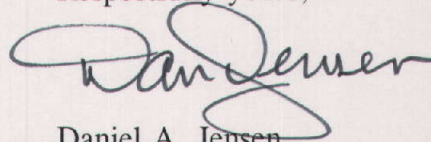
Consequently, Geneva is in a much better position today than it was when I met with you three months ago. However, we need another three-month extension to allow time for closing of the sale to which Western and Palladon are now committed.

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Geneva and the buyers will be working with your office during that time to provide the replacement bond and obtain approval of the assignment of Geneva's mine permit.

We appreciate your cooperation in keeping Geneva's mine permit in good standing. If you need any further information, please let me know.

Respectfully yours,

A handwritten signature in dark ink, appearing to read "Dan Jensen", with a stylized, looping flourish at the end.

Daniel A. Jensen
Attorney for Geneva Steel

cc: Richard Ross